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**STEED ORIENTAL (HOLDINGS) COMPANY LIMITED**

**駿東（控股）有限公司**

*(Incorporated in the Cayman Islands with members’ limited liability)*

**(Stock Code: 8277)**

**AUDITED ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 MARCH 2022**

**CHARACTERISTICS OF GEM (“GEM”) OF THE STOCK EXCHANGE**

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

*This announcement, for which the directors (the “Directors”) of Steed Oriental (Holdings) Company Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

The board of Directors of the Company (the “Board”) is pleased to present the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 March 2022, together with comparative figures for the corresponding period of 2021.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

(Expressed in Hong Kong dollars (“HK\$”))

	Notes	2022 HK\$’000	2021 HK\$’000 (Re-presented)
<b>Continuing operations</b>			
Revenue	3	93,832	83,302
Cost of sales		<u>(69,218)</u>	<u>(64,463)</u>
<b>Gross profit</b>		<b>24,614</b>	18,839
Other income	4	3,703	1,909
Other gains and losses, net	5	1,715	3,264
Selling expenses		(176)	(479)
Administrative expenses		(16,469)	(24,874)
Fair value (loss)/gain on investment properties		(3,408)	549
Fair value loss upon transfer of properties to investment properties		<u>–</u>	<u>(2,717)</u>
<b>Profit/(loss) from operations</b>		<b>9,979</b>	(3,509)
Finance costs	6(a)	<u>(16,781)</u>	<u>(12,529)</u>
<b>Loss before taxation</b>	6	<b>(6,802)</b>	(16,038)
Income tax credit	7	<u>1,242</u>	<u>1,074</u>
<b>Loss for the year from continuing operations</b>		<u><b>(5,560)</b></u>	<u>(14,964)</u>
<b>Discontinued operation</b>			
Profit/(loss) for the year from discontinued operation	8	9,735	(12,535)
Impairment loss on disposal group classified as held for sale	8	<u>(9,214)</u>	<u>–</u>
<b>Loss for the year attributable to equity shareholders of the Company</b>		<u><b>(5,039)</b></u>	<u>(27,499)</u>

	<b>2022</b>	2021
<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
		(Re-presented)
<b>Other comprehensive income</b>		
<i>Items that will not be reclassified to profit or loss</i>		
Revaluation gain on transfer of properties to investment properties, net of tax	–	2,091
<i>Items that may be subsequently reclassified to profit or loss</i>		
Currency translation differences	<u>1,801</u>	<u>4,597</u>
<b>Other comprehensive income for the year, net of tax</b>	<u><u>1,801</u></u>	<u><u>6,688</u></u>
<b>Total comprehensive expense for the year attributable to equity shareholders of the Company</b>	<u><u>(3,238)</u></u>	<u><u>(20,811)</u></u>
(Loss)/profit for the year attributable to equity shareholders of the Company		
– from continuing operations	(5,560)	(14,964)
– from discontinued operation	<u>521</u>	<u>(12,535)</u>
Loss for the year	<u><u>(5,039)</u></u>	<u><u>(27,499)</u></u>
<b>(Loss)/earnings per share from continuing and discontinued operations attributable to equity shareholders of the Company for the year</b>		
Basic and diluted (HK cents)	<i>9</i>	
– from continuing operations	(2.15)	(6.84)
– from discontinued operation	<u>0.20</u>	<u>(5.73)</u>
<b>Loss per share for the year</b>	<u><u>(1.95)</u></u>	<u><u>(12.57)</u></u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

(Expressed in HK\$)

	<i>Notes</i>	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>130,633</b>	189,380
Investment properties		<b>39,205</b>	41,011
Right-of-use assets		<b>37,878</b>	62,850
Intangible assets		<b>1,340</b>	1,533
Other non-current assets		<b>498</b>	598
		<hr/>	<hr/>
<b>Total non-current assets</b>		<b>209,554</b>	295,372
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Current assets</b>			
Inventories		<b>16,465</b>	46,265
Trade and other receivables	<i>10</i>	<b>36,856</b>	29,757
Contract assets		<b>19,762</b>	8,791
Other current assets		<b>1,594</b>	12,921
Cash and cash equivalents		<b>8,069</b>	20,946
Tax recoverable		<b>4</b>	–
		<hr/>	<hr/>
		<b>82,750</b>	118,680
<b>Assets of disposal group classified as held for sale</b>	<i>8</i>	<b>135,360</b>	–
		<hr/>	<hr/>
<b>Total current assets</b>		<b>218,110</b>	118,680
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	<i>11</i>	<b>108,384</b>	63,067
Contract liabilities		<b>3,533</b>	6,441
Bank and other borrowings		–	16,890
Lease liabilities		<b>137</b>	1,307
Income tax payable		–	294
		<hr/>	<hr/>
		<b>112,054</b>	87,999
<b>Liabilities of disposal group classified as held for sale</b>	<i>8</i>	<b>87,652</b>	–
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>199,706</b>	87,999
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>NET CURRENT ASSETS</b>		<b>18,404</b>	30,681
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	<i>Notes</i>	<b>2022</b> <b><i>HK\$'000</i></b>	2021 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Bank and other borrowings		<b>184,042</b>	210,003
Deferred income tax liabilities		<b>4,092</b>	5,428
Deferred income		<b>358</b>	392
Lease liabilities		–	105
Other non-current liabilities		<b>2,968</b>	78,965
		<hr/>	<hr/>
<b>Total non-current liabilities</b>		<b>191,460</b>	294,893
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<b>NET ASSETS</b>		<b>36,498</b>	31,160
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<b>EQUITY</b>			
Share capital		<b>2,625</b>	2,187
Reserves		<b>33,873</b>	28,973
		<hr/>	<hr/>
<b>TOTAL EQUITY</b>		<b>36,498</b>	31,160
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# NOTES

*(Expressed in HK\$ unless otherwise indicated)*

## 1 GENERAL INFORMATION

Steed Oriental (Holdings) Company Limited (the “Company”) was incorporated in the Cayman Islands on 7 August 2013 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company’s shares were listed on the GEM (the “GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 23 February 2015. The Company and its subsidiaries (collectively referred to as the “Group”) principally engages in the sourcing, manufacturing and sale of plywood products and other wooden products.

## 2 SIGNIFICANT ACCOUNTING POLICIES

### (a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations (hereinafter collectively referred to as the “HKFRS”) and the provisions of the Hong Kong Companies Ordinance which concern the preparation the consolidated financial statements. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of Stock Exchange.

### (b) Basis of measurement and going concern assumption

The consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair values as explained in the accounting policies set out below.

The Group had incurred a loss after tax of approximately HK\$5,039,000 for the year ended 31 March 2022. As at 31 March 2022, the Group had trade and other payables of approximately HK\$108,384,000 (note 11) and total bank and other borrowings of approximately HK\$184,042,000 repayable in the first half of the financial year 2023.

With respect to these events or conditions, the directors of the Company have carried out a detailed review of the cash flow forecast of the Group prepared by management from the end of the reporting date to 31 October 2023 (“Forecast Period”) with the following taken into consideration:

- On 16 February 2022, the Group entered into a sales and purchase agreement in which the Group agreed to disposal of the entire interest in CD Enterprises Company Limited, direct wholly-owned subsidiaries together with shareholder’s loan at a consideration of HK\$47,707,803, after deducting the transaction costs. The management expected the transaction will be completed and receive the cash consideration before 30 June 2022;
- The shareholders have undertaken not to request the Group to repay the amounts due to them until the Group has sufficient liquidity which determined by the Group to finance its operations; and

- Amounted of HK\$123,518,000 and HK\$60,524,000 are repayable on 2 July 2023 and 22 October 2023 respectively. Directors of the Company at the opinion that the above outstanding loans could be extended upon repayment date, which they have negotiated with the relevant financial institution, provided that the good track records with relevant financial institution, the improvement of financial performance and financial position in the Forecast Period and available and sufficient assets as collaterals for the relevant loan, including the land use right and certain property, plant and equipment.

Based on the above, the directors of the Company believe that the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements as and when they fall due in the next twelve months from the reporting date, and accordingly, are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

**(c) Adoption of new or amended HKFRSs**

***(a) Adoption of new or amended HKFRSs – effective for the current year***

The HKICPA has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendments to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2022

These new or amended HKFRSs did not have any significant impact on the Group's results and financial position for the current or prior period. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period.

**(b) New or amended HKFRSs that have issued but are not yet effective**

The following new or amended HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 1 HK Interpretation 5 (2020)	Classification of Liabilities as Current or Non-current <sup>3</sup> Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>3</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>3</sup>
Amendments to HKAS 8 Amendments to HKAS 12	Definition of Accounting Estimates <sup>3</sup> Deferred Tax Related to Assets and Liabilities arising from a Single Transaction <sup>3</sup>
Amendments to HKAS 16 Amendments to HKAS 37 Amendments to HKFRS 3	Proceeds before Intended Use <sup>1</sup> Onerous Contracts – Cost of Fulfilling a Contract <sup>1</sup> References to Conceptual Framework <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
Annual Improvements to HKFRS 1, HKFRS 9, HKFRS 16 and HKFRS 41	Annual Improvements to HKFRSs 2018-2020 <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>2</sup> Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>4</sup> The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of the new or amended HKFRSs will have no material impact on the Group's consolidated financial statement in the future.



### 3 REVENUE AND SEGMENT REPORTING

#### (a) Revenue

The principal activities of the Group are the sourcing, manufacturing and sale of plywood products and other wooden products.

The executive directors of the Company have been identified as the chief operating decision makers (the “CODM”). The CODM review the Group’s revenue analyses by products and by the geographical location in the delivery of goods in order to assess performance and allocation of resources.

Other than revenue analyses, no operating results and other discrete financial information are available for the assessment of performance by the respective major products and customers. The CODM review the results of the Group as a whole to make decisions. Accordingly, other than entity wide information, no other segment analysis is presented.

During the year ended 31 March 2022, the Group intended to dispose of the interests in export sales business segment which was presented as “discontinued operation”. The following segment information of the Group’s business units does not include the discontinued operation.

#### *Disaggregation of revenue*

In the following table, revenue is disaggregated by timing of recognition and major products from continuing operations as below:

	<b>2022</b>	2021
	<b>HK\$’000</b>	HK\$’000
		(Re-presented)
<b>Timing of revenue recognition</b>		
At a point in time		
Sale of structural panel	7,533	3,575
Sale of supplementary materials use in construction	30,632	26,492
Others	210	3,659
	<u>38,375</u>	<u>33,726</u>
Transferred over time		
Made-to-order wooden products	55,457	49,576
	<u>93,832</u>	<u>83,302</u>

Revenue from customers with whom transactions have exceeded 10% of the Group's revenue is as follows:

	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i> (Re-presented)
Customer A	41,633	5,657
Customer B ( <i>note (i)</i> )	<u>12,757</u>	<u>N/A</u>

*Notes:*

- (i) The corresponding revenue did not individually contribute over 10% of the Group's revenue during the year ended 31 March 2021.
- (ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date.

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its sales contracts for wooden products that had an original expected duration of one year or less.

**(b) Geographic information**

The following table sets out information about the geographical location of the Group's revenue from external customers which is based on the location at which the goods are delivered.

	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i> (Re-presented)
PRC	<u>93,832</u>	<u>83,302</u>

The Group has operations in two principal geographical areas – HK and the PRC during the years ended 31 March 2022 and 2021. Information about the Group's non-current assets presented based on the location of the non-current assets is as below:

	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
HK	169	754
PRC	<u>209,385</u>	<u>294,618</u>
	<u>209,554</u>	<u>295,372</u>

#### 4 OTHER INCOME

	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i> (Re-presented)
Continuing operations		
Rental income	3,523	1,464
Bank interest income	4	5
Government subsidies ( <i>note</i> )	54	440
Others	<u>122</u>	<u>–</u>
	<b><u>3,703</u></b>	<b><u>1,909</u></b>

*Note:* The government subsidies mainly represented “Employment Support Scheme (ESS)” and “Air pollution prevention” subsidy launched by Hong Kong government and PRC government respectively.

#### 5 OTHER GAINS AND LOSSES, NET

	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i> (Re-presented)
Continuing operations		
Net gain on disposal of property, plant and equipment	2	1,604
Net foreign exchange gain	1,036	1,674
Others	<u>677</u>	<u>(14)</u>
	<b><u>1,715</u></b>	<b><u>3,264</u></b>

## 6 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i> (Re-presented)
<b>(a) Finance costs</b>		
Continuing operations		
Interest on bank and other borrowings	<b>16,762</b>	12,504
Interest on lease liabilities	<b>19</b>	25
	<u>16,781</u>	<u>12,529</u>

No borrowing costs have been capitalised for the years ended 31 March 2022 and 2021.

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i> (Re-presented)
<b>(b) Staff costs</b>		
Continuing operations		
Salaries, wages and other benefits	<b>4,555</b>	6,851
Contributions to defined contribution retirement plans	<b>82</b>	82
	<u>4,637</u>	<u>6,933</u>

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in HK. The assets of the scheme are held separately from those of the Group, in funds under the control of a trustee. The Group contributes 5% of relevant payroll costs to the scheme, of which contribution is matched by employees.

The employees of the Group's subsidiaries in the PRC are members of state-managed retirement benefit plan operated by the government of the PRC. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plans is to make the specified contributions.

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
		(Re-presented)
<b>(c) Other items</b>		
Continuing operations		
Amortisation of intangible assets	<b>251</b>	246
Depreciation of right-of-use assets		
Properties	<b>401</b>	733
Land use right	<b>2,098</b>	1,159
Expected credit loss of trade receivables	<b>310</b>	1,365
Short term lease expenses	<b>14</b>	372
Provision for impairment of inventories	<b>2,376</b>	2,039
Fair value loss/(gain) on investment properties	<b>3,408</b>	(549)
Fair value loss upon transfer of properties to investment properties	–	2,717
Auditors' remuneration	<b>1,300</b>	1,180
Cost of inventories#	<b>69,218</b>	64,463

# Cost of inventories includes HK\$6,567,000 (2021: HK\$7,902,000) relating to staff costs and depreciation expenses, which amount is also included in the respective total amounts disclosed separately above or in note 6(b) for each of these types of expenses.

## 7 TAXATION

**The amount of tax recognised in the consolidated statement of profit or loss and other comprehensive income represents:**

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
		(Re-presented)
Continuing operations		
Current tax		
Provision of PRC Corporate Income Tax for the year	–	214
Deferred income tax	<b>(1,242)</b>	(1,288)
	<b>(1,242)</b>	(1,074)

The Company and subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax under a two-tiered profits tax rates regime. The first HK\$2 million of profits are taxed at 8.25%, and the remaining profits above HK\$2 million are taxed at 16.5%.

The Company and the subsidiaries of the Group incorporated in the Cayman Islands and the British Virgin Islands (the “BVI”) are not subject to any income tax pursuant to the rules and regulations of their respective countries of incorporation.

The subsidiaries of the Group established in the PRC (excluding Hong Kong) are subject to the PRC Corporate Income Tax rate of 25% for the year ended 31 March 2022 (2021: 25%).

## **8. DISCONTINUED OPERATION**

On 16 February 2022, the Company, and Faith Sino Ventures Limited (the “Purchaser”) entered into a sale and purchase agreement (the “Sale and Purchase Agreement”) to sell the entire issued share (the “Sale Share”) of the subsidiary, CD Enterprises Company Limited (“CD Enterprises”), and its subsidiaries, together with shareholders’ loan to the Purchaser at the consideration of HK\$47,707,803.

The disposal (the “Disposal”) is expected to be completed in June 2022 (the “Date of Completion”) and constitutes a discontinued operation under HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” as the disposal group, which mainly consisted of the export sales business, represented one of the major lines of business of the Group.

Upon Completion, the Group ceased to have any beneficial interest in the disposal group, and all the companies in the disposal group ceased to be subsidiaries of the Company. The financial results of the disposal group was no longer consolidated into the consolidated financial statements of the Company.

The assets and liabilities related to the disposal group have been presented as disposal group classified as held for sale. The assets and liabilities of the disposal group were measured at its carrying amount, which was lower than the fair value less costs to sell as at 31 March 2022.

The operation of the disposal group for the year ended 31 March 2022 was presented as discontinued operation in the consolidated financial statements.

(a) **Assets and liabilities of disposal group classified as held for sale**

The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation as at 31 March 2022:

	2022 <i>HK\$'000</i>
<b>Assets of disposal group classified as held for sale</b>	
Property, plant and equipment	54,495
Right-of-use assets	26,176
Other non-current assets	6,322
Inventories	33,728
Trade and other receivables	12,760
Other current assets	2,609
Cash and cash equivalents	8,484
	<hr/>
	144,574
Less: Impairment loss on disposal group classified as held for sale	<u>(9,214)</u>
<b>Total assets of disposal group classified as held for sale</b>	<hr/> <b>135,360</b>
<b>Liabilities of disposal group classified as held for sale</b>	
Trade and other payables	(32,225)
Contract liabilities	(1,904)
Bank and other borrowings	(50,130)
Lease liabilities	(1,169)
Income tax payable	(1,402)
Deferred income tax liabilities	(822)
Amount due to the Group	(66,489)
	<hr/>
	(154,141)
Less: Amount due to the Group	<u>66,489</u>
<b>Total liabilities of disposal group classified as held for sale</b>	<hr/> <b>(87,652)</b>
Cash consideration receivable	47,708
Less: Transfer of amount due to the disposal group to purchaser	(66,489)
Less: Carrying value of net liabilities of the disposal group	<u>9,567</u>
Impairment loss on disposal group classified as held for sale	<hr/> <hr/> <b>(9,214)</b>

(b) Analysis of the result of the discontinued operation is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Revenue</b>	<b>209,074</b>	98,578
<b>Cost of sales</b>	<b>(154,642)</b>	(81,524)
<b>Gross profit</b>	<b>54,432</b>	17,054
Other income	<b>28</b>	444
Other gains and losses, net	<b>(1,713)</b>	(1,050)
Selling expenses	<b>(11,861)</b>	(5,564)
Administrative expenses	<b>(27,681)</b>	(22,069)
Profit/(loss) from operations	<b>13,205</b>	(11,185)
Finance costs	<b>(2,115)</b>	(1,564)
<b>Profit/(loss) before taxation</b>	<b>11,090</b>	(12,749)
Income tax (expense)/credit	<b>(1,355)</b>	214
Profit/(loss) for the year from discontinued operation	<b><u>9,735</u></b>	<b><u>(12,535)</u></b>



## 9 (LOSS)/EARNINGS PER SHARE

The calculation of the basic and diluted (loss)/earnings per share attributable to the owners of the Company is based on the following:

	2022	2021 (Re-presented)
<b>(Loss)/profit (HK\$'000)</b>		
(Loss)/profit for the purpose of calculating the basic and dilutive earnings per share		
– from continuing operations	(5,560)	(14,964)
– from discontinued operation	<u>521</u>	<u>(12,535)</u>
Loss for the year	<u>(5,039)</u>	<u>(27,499)</u>
<b>Numbers of shares ('000)</b>		
Weighted average number of ordinary shares in issue	258,279	218,733
<b>(Loss)/earnings per share from continuing and discontinued operations attributable to equity shareholders of the Company for the year</b>		
Basic and dilutive (HK cents)		
– from continuing operations	(2.15)	(6.84)
– from discontinued operation	<u>0.20</u>	<u>(5.73)</u>
Loss per share for the year	<u><u>(1.95)</u></u>	<u><u>(12.57)</u></u>

There were no potential dilutive ordinary shares outstanding during the years ended 31 March 2022 and 31 March 2021.

**10 TRADE AND OTHER RECEIVABLES**

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables due from third parties	<b>29,558</b>	21,723
<i>Less: Loss allowance</i>	<u><b>(1,812)</b></u>	<u>(1,469)</u>
Trade receivables	<u><b>27,746</b></u>	<u>20,254</u>
Prepayments, deposits and other receivables:		
– Prepayments for purchase of inventories	<b>8,027</b>	7,052
– Receivable from tenants	<b>472</b>	1,203
– Others	<u><b>611</b></u>	<u>2,190</u>
	<b>9,110</b>	10,445
<i>Less: Loss allowance</i>	<u><b>–</b></u>	<u>(942)</u>
Other receivables	<u><b>9,110</b></u>	<u>9,503</u>
Trade and other receivables	<u><b>36,856</b></u>	<u>29,757</u>

All of the trade and other receivables are expected to be recovered or recognised as expenses within one year.

**Ageing analysis:**

As of the end of the reporting period, the ageing analysis of trade receivables, based on the invoice date and net of loss allowance, is as follows:

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 30 days	<b>9,116</b>	10,809
31 to 60 days	<b>12,489</b>	2,999
61 to 90 days	<b>4,514</b>	3,855
91 to 180 days	<b>1,627</b>	1,501
Over 180 days	<u><b>–</b></u>	<u>1,090</u>
	<u><b>27,746</b></u>	<u>20,254</u>

The Group usually accepts letters of credit issued by commercial banks to facilitate payment in its trade with overseas customers and no credit period is granted to these customers. For other customers, credit period ranging from 30-90 days is granted from date of delivery of goods.

At 31 March 2022, trade receivables with an aggregate carrying amount of HK\$nil (2021: HK\$7,376,000) are supported by letters of credit. The Group does not hold any collateral over these balances.

## 11 TRADE AND OTHER PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables:		
– Amounts due to third parties ( <i>note (ii)</i> )	2,749	15,929
Other payables and accrued expenses:		
Recognised at amortised cost		
– Payables for staff related costs	3,757	8,278
– Amounts due to then related parties of Hebei Youlin ( <i>note (i)</i> )	2,692	2,587
– Payables for acquisition of property, plant and equipment	10,409	28,972
– Interest payables	472	454
– Other accruals and payables	6,425	6,847
– Advances from related parties	81,880	–
	<b>108,384</b>	<b>63,067</b>

### Notes:

- (i) At 31 March 2022, amounts due to then related parties of Hebei Youlin Technology Company Limited (“Hebei Youlin”) include advances from Mr. Huo Julin, one of the then equity owners of Hebei Youlin, amounting to HK\$64,000 (2021: HK\$62,000) and advances from a company with 20% of equity interests held by Mr. Li Xianfeng, another then equity owner of Hebei Youlin amounting to HK\$2,628,000 (2021: HK\$2,525,000), which are unsecured, non-interest bearing and expected to be settled within one year.
- (ii) All of the trade and other payables at 31 March 2022 and 2021 are expected to be settled or recognised in profit or loss within one year or are repayable on demand.

As of the end of the reporting period, the ageing analysis of trade payables, based on the invoice date, is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 30 days	911	7,073
31 to 60 days	213	885
61 to 90 days	23	3,324
Over 90 days	1,602	4,647
	<b>2,749</b>	<b>15,929</b>

## 12 DIVIDENDS

The directors of the Company do not recommend the payment of a final dividend for the year ended 31 March 2022 (2021: Nil).

# **MANAGEMENT DISCUSSION AND ANALYSIS**

## **BUSINESS REVIEW**

The Group currently is principally engaged in the sourcing, manufacturing and sale of plywood products and other wooden products.

The competition in the plywood market among countries was keen as the technical content of plywood products is low. The Sino-US trade war and the COVID-19 epidemic has adverse impact on the sales revenue of plywood products. Since August 2021, the production of plywood products in Southeast Asia has been greatly affected due to the severe impact of the COVID-19 epidemic, some plywood orders were transferred to Chinese plywood manufacturers that were relatively less affected. Accompanied by the recovery from the epidemic in Southeast Asia, these orders may flow back to Southeast Asia plywood manufacturers. Due to the continuous instability of overseas business, the Group was more susceptible to the changes in the global economic environment. During recent years under the pandemic environment, in comparing to the overseas market, the Group's business performance in the PRC remained stable and did not have significant impact. In view of the prospect of the wooden product market in the PRC, the Group determined to end all its export-related business.

On 16 February 2022, the Group entered into a sale and purchase agreement to dispose of CD Enterprises Company Limited and its subsidiaries which were principally engaged in sourcing, manufacturing and sale of plywood products. The remaining group will be principally engaged in manufacturing, sourcing, trading and sale of wooden products including but not limited to structural panels, supplementary materials used in construction and made-to-order wooden products such as wooden structures (including installation services), wooden doors and windows and wooden furniture.

The Group will enhance productivity via different means, such as strengthening service quality control and improving its support to customers. Apart from that, the Group will also endeavour to promote a culture of continuous improvement and automation of internal processes so as to improve efficiency and reduce costs. It is expected that the various income-generating and cost-saving measures will help improving the performance of the Group.

## **FINANCIAL REVIEW**

### **Continuing operations**

#### **Revenue**

During the year ended 31 March 2022, the Group recorded revenue of approximately HK\$93.8 million, representing an approximately 12.6% increase comparing to the previous year (2021: approximately HK\$83.3 million). The increase was mainly attributable to the increase in the revenue from sales of supplementary materials use in construction and sales of made-to-order wooden products.

#### **Gross profit and margin**

The gross profit for the year increased by approximately 30.9% to approximately HK\$24.6 million (2021: approximately HK\$18.8 million), while the gross profit margin of the Group remained generally stable at approximately 26.2% for the year ended 31 March 2022 (2021: approximately 22.6%).

#### **Loss for the year**

During the year ended 31 March 2022, the Group recorded loss of approximately HK\$5.6 million, representing an approximately HK\$9.4 million decrease comparing to the previous year (2021: loss of approximately HK\$15.0 million).

The decrease was mainly due to i) the increase in gross profit by approximately HK\$5.8 million to approximately HK\$24.6 million for the year ended 31 March 2022 (2021: approximately HK\$18.8 million); ii) the decrease in administration expenses by approximately HK\$8.4 million to approximately HK\$16.5 million for the year ended 31 March 2022 (2021: approximately HK\$24.9 million); and iii) the decrease in fair value loss upon transfer of properties to investment properties amounting to approximately HK\$2.7 million. Such decreases were offset by i) the increase in fair value loss on investment properties by approximately HK\$4.0 million mainly due to the impairment loss of a commercial building located in Shijiazhuang city which was classified as an investment property; and ii) the increase in the finance costs by approximately HK\$4.3 million to approximately HK\$16.8 million for the year ended 31 March 2022 (2021: approximately HK\$12.5 million).

## **Discontinued operation**

During the year ended 31 March 2022, the Group entered into an agreement to dispose of CD Enterprises Company Limited and its subsidiaries which were principally engaged in sourcing, manufacturing and sale of plywood products. The Group recorded a profit of approximately HK\$0.5 million from discontinued operation comparing to a loss of approximately HK\$12.5 million in the previous year, it was mainly due to the transfer of some plywood orders from Southeast Asia to China because the COVID-19 epidemic has greatly affected the plywood production in this region since August 2021.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

The Group's working capital needs and other capital requirements have been met through a combination of shareholders' equity, cash generated from operations, advances from shareholders and bank and other borrowings. Going forward, the Group intends to finance future operations and capital expenditures with cash flow from the Group's operating activities, banking and other facilities as well as other external debt financing made available to the Group.

The primary uses of cash have been, and are expected to continue to be, operating costs and capital expenditures. As at 31 March 2022, the current assets of the Group comprised primarily cash at bank and on hand, trade and other receivables and inventories. The current liabilities comprised primarily of trade and other payables and bank and other borrowings.

As at 31 March 2022, the Group maintained cash and cash equivalents amounting to approximately HK\$8.1 million (as at 31 March 2021: approximately HK\$20.9 million). The Group recorded net current assets of approximately HK\$18.4 million as at 31 March 2022 (as at 31 March 2021: approximately HK\$30.7 million).

As at 31 March 2022, the Group's total bank and other borrowings, all being denominated in Renminbi or United States dollars, amounted to approximately HK\$184.0 million (as at 31 March 2021: approximately HK\$226.9 million).

As at 31 March 2022, the capital structure of the Group consisted of cash and cash equivalents together with equity attributable to shareholders of the Company, comprised issued share capital and reserves.

As at 31 March 2022, the Group's gearing ratio (calculated by dividing total liabilities by total assets as at the end of financial year) was approximately 91.5% (as at 31 March 2021: approximately 92.5%).

## **CHARGES ON THE GROUP'S ASSETS**

As at 31 March 2022, certain land use rights of the Group with carrying amount of approximately HK\$36.3 million; certain property, plant and equipment of the Group with aggregate carrying amount of approximately HK\$74.2 million; and certain investment properties of the Group with aggregate carrying amount of approximately HK\$9.1 million were charged to secure bank borrowings of approximately HK\$184.0 million.

## **CONTINGENT LIABILITIES**

As at 31 March 2022, there were no significant contingent liabilities for the Group.

## **CAPITAL COMMITMENTS**

As at 31 March 2022, the capital commitments in respect of property, plant and equipment contracted for but not provided for the consolidated financial statements were approximately HK\$nil (as at 31 March 2021: approximately HK\$0.4 million).

## **SIGNIFICANT INVESTMENT**

During the year ended 31 March 2022, the Group did not have any significant investment (2021: Nil).

## **PLACING OF NEW SHARES UNDER GENERAL MANDATE**

On 20 April 2021, the Company and Citrus Securities Limited (the “Placing Agent”) entered into a placing agreement. Pursuant to the placing agreement, the Company has conditionally agreed to place, through the Placing Agent on a best efforts basis, up to 43,740,000 new shares of the Company at HK\$0.2 per share to not less than six placees who and whose ultimate beneficial owners are third parties independent of the Company and its connected persons (the “Placees”). The new shares were allotted and issued pursuant to the general mandate granted to the Directors pursuant to the resolutions of the shareholders of the Company passed at the annual general meeting of the Company held on 4 September 2020.

On 6 May 2021, 43,740,000 new shares of the Company have been successfully allotted and issued to not less than six Placees at HK\$0.2 per share. The net proceeds from the placing of approximately HK\$8.5 million are intended to be used as general working capital of the Group.

For details, please refer to the announcements of the Company dated 20 April 2021 and 6 May 2021.

## **THE DISPOSAL OF A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY**

On 16 February 2022 (after trading hours), the Company, being the vendor, entered into a sale and purchase agreement with Faith Sino Ventures Limited, being the purchaser, pursuant to which the purchaser has conditionally agreed to purchase, and the Company has conditionally agreed to sell, the entire issued share capital of CD Enterprises Company Limited, a company incorporated in the British Virgin Islands with limited liability and was a direct wholly-owned subsidiary of the Company, at a consideration of HK\$47,707,803 in cash.

Upon the completion of the disposal, CD Enterprises Company Limited and its subsidiaries will cease to be subsidiaries of the Company and its financial results will no longer be consolidated into the consolidated financial statements of the Group.

For details, please refer to the announcements of the Company dated 16 February 2022, 3 March 2022 and circular of the Company dated 13 May 2022.

The disposal has not been completed as at the date of this announcement.

## **FOREIGN EXCHANGE EXPOSURE**

The trading of plywood products and other wooden products is conducted predominantly in United States dollars and Renminbi while the production costs are mainly denominated in Renminbi. The Group manages its foreign currency risk by closely monitoring the movements of foreign currency exchange rates. The Group does not currently designate any hedging relationship on the foreign exchange forward contracts for the purpose of the hedge accounting.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 March 2022, the Group had a total of 224 employees. The Group remunerates its employees based on their performance, experience and the prevailing industry practice. Their remuneration packages are normally renewed on an annual basis, based on performance appraisals and other relevant factors. The Group may pay a discretionary bonus to its employees based on individual performance in recognition of their contribution and hard work. The emoluments of the Directors are determined with reference to, among other things, the prevailing market conditions, the experience, roles and responsibilities of the Directors with the Company. Staff benefit plans maintained by the Group include several mandatory provident fund schemes as well as travel, medical and life insurance.

The Company conditionally approved and adopted a share option scheme on 9 February 2015 (the “Share Option Scheme”) under which certain employees, consultants and advisers of the Group including the executive Directors may be granted options to subscribe for Company’s shares. As of 31 March 2022, none of the Directors or employees held any share options of the Company under the Share Option Scheme.



## **EVENT AFTER THE REPORTING PERIOD**

The World Health Organisation declared COVID-19 a global health emergency on 30 January 2020. Since then, the Group has experienced different extent of disruption to its operations in the following respects:

- temporary interruptions to manufacturing activities and closure of assembly plants in the PRC;
- uncertainty concerning when government lockdowns will be lifted, social distancing requirements will be eased and the long-term effects of the pandemic on the demand for the Group's primary products.

Governments in the countries in which the Group operates also implemented various measures which might mitigate some of the impact of the COVID-19 pandemic on the results and liquidity position of the Group. To the extent appropriate, the Group applies for such government assistance. Details of all of the arrangements that might be available and the period throughout which they will remain available are continuing to evolve and remain subject to uncertainty.

The directors of the Company are continuing to assess the implications of COVID-19 pandemic on the business in which the Group operates.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the year ended 31 March 2022, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## **FUTURE PROSPECTS**

In previous years, as the Group's business has mainly focused on the production and sales of plywood products, and the Group's customers were mainly scattered in Japan and some other countries or areas such as Thailand and Hong Kong. Due to the continuous instability of overseas business, the Group was more susceptible to the changes in the global economic environment. During recent years under the pandemic environment, in comparing to the overseas market, the Group's business performance in the PRC remained relatively stable and did not have significant impact. In view of the prospect of the wooden product market in the PRC, the Group determined to end all its export-related business. On 16 February 2022, the Group entered into a sale and purchase agreement with Faith Sino Ventures Limited to dispose of the sub-group wholly owned by CD Enterprises Company Limited, a wholly-owned subsidiary of the Company. The sub-group was principally engaged in the sourcing, manufacturing and sale of plywood products, its main market is Japan. Upon completion of the disposal, the Group will focus on the domestic market, the Group's manufacturing plant with the site area of 157,182 square meters located in Ningjin County in the PRC will continue to operate. The Group will remain to be engaged in the sourcing, manufacture, trading and sale of wooden products including but not limited to wooden building components and other wooden products such as wooden structures, wooden doors and windows and wooden furniture. The Group has been working hard to enrich its product categories and to explore the market in China. The Group also aims to increase sales to the downstream market by cooperating with other panel processing enterprises for the process and manufacturing of wooden products.

The management is looking for other potential business development for the Group, including any possible expansion in the production capacity or diversification in the distribution channels of trading. The Directors believe that the Group is in a more advantageous position to further develop and expand its market and products than the small-scale local enterprises.

The Board will maintain the Group's existing principal activities in the sourcing, manufacturing, trading and sale of wooden products, and will review the Group's business and operations and continue to seek new opportunities to enhance and strengthen the business of the Group. The Board may consider to make any changes that it deems necessary or appropriate to the Group's businesses and operations to increase the value of the Group.

## **CORPORATE GOVERNANCE PRACTICES**

The Board strives to uphold the principles of corporate governance set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 15 of the GEM Listing Rules. The Board also adopts various measures to enhance the internal control system, the Directors’ continuous professional development and other areas of corporate governance practice. While the Board strives to maintain a high level of corporate governance, it also works hard to create value and achieve maximum return for its shareholders. The Board will continue to conduct reviews and improve the quality of corporate governance practices with reference to local and international standards.

During the year ended 31 March 2022, the Company had complied with the code provisions as set out in the CG Code.

## **REVIEW BY THE AUDIT COMMITTEE**

The Company established an audit committee (the “Audit Committee”) on 9 February 2015 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and the CG Code. The primary duties of the Audit Committee are (among other things) to review and supervise the financial control, internal control and risk management systems of the Group, and provide advice and comments on the Group’s financial reporting matters to the Board.

The Audit Committee has reviewed the annual results and financial statements of the Group for the year ended 31 March 2022 and recommended to the Board for approval.

By Order of the Board  
**Steed Oriental (Holdings) Company Limited**  
**Sun Xue Song**  
*Chairman and Executive Director*

Hong Kong, 24 June 2022

*As at the date of this announcement, the Board comprises Ms. Sun Xue Song and Mr. Xue Zhao Qiang as executive Directors; Mr. Ding Hongquan as non-executive Director; Mr. Wang Wei, Ms. Dong Ping and Mr. Zhu Da as independent non-executive Directors.*

*This announcement will remain on the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) for at least seven days from the date of its publication and will be published on the website of the Company at [www.steedoriental.com.hk](http://www.steedoriental.com.hk).*